

Greenview Home Owners Association



0000092215

Monday, December 29, 2008

ORIGINAL

To

ARIZONA CORPORATION COMMISSION  
1200 West Washington, Phoenix, Az 85007

Re Arizona-American ( A.A) Application.

Reference Docket No. W-01303A-08-0227

SLW-01303A-08-0227

**From Greenview Home Owners Association. GHOA – Sun City West.**

On December 15 we faxed to your Office a 4 page letter from GHOA addressed to the Commission. This letter outlined GHOA's concerns , views and thoughts on A.A's application for rate increase.

Subsequent to our fax we received a call from a staff member of the Commission. That person was seeking clarity with two aspects of our letter.

1. It was noted GHOA hadn't identified ourselves either as an Intervener or reflect the term Opinion. Our initial letter was meant to be an Opinion setting forth our concerns.

To properly express views as an Opinion we have restructured page one to make it clear to the reader our submission is an Opinion. The text submitted December 29<sup>th</sup> / 30<sup>th</sup>., contains this change..

2. It was noted that perhaps Colby Management, GHOA's Manager should be party to approving the submission. In reviewing the process all monthly bills from America-Arizona – while they are addressed to municipal addresses within our complex they sent to Colby's-Colby's who pay A-A from GHOA account. The A\_A bills then form part of the GHOA monthly accounting. Colby delivers monthly financial statement to GHOA's Treasurer. We accept the rationale that Colby's, while they have adminstraive duties to perform, need not be co-signer to our Opinion. Trust you will concur in our judgment.

(See typical A-A invoice attached. A-A invoice are not reviewed by any owners save the Treasurer and the Landscape Chairman. We have 15 meters. The 5 - 1 inch meters serve 10 owners – two per unit. 10 – 1.5 inch meters serve 40 owners –

Trusting you will now accept the December 29<sup>th</sup> - 4 page submission prepared by the Landscape Committee authorized by the Board to take such action.)

Respectfully,

  
D Carlson  
Chairman

  
W H Tye.  
Member.

Arizona Corporation Commission  
**DOCKETED**

JAN - 6 2009

RECEIVED

DOCKETED BY



For Service To: Greenview HOA  
20418 W Spring Meadow Dr

Account Number: 23-0035658-7

Premise Number: 23-0030382

### Billing Period & Meter Information

Billing Date: Dec 12, 2008

Billing Period: Nov 07 to Dec 09 (32 days)

Next reading on/about: Jan 09, 2009

Rate Type: Residential

### Meter readings in current billing period:

Meter Number S29503 is a 1-inch meter.

Present-actual 1609

Last-actual 1601

T-gal used 8

### Prior Balance

Balance from last bill

Payments as of Dec 12, 2008. Thanks!

Total prior balance, Dec 12, 2008

### Current Water Charges

Basic Service

Water Volume (\$1.28500 x 8.00)

Groundwater Savings Fee

Groundwater Withdrawal Fee

Total water charges, Dec 12, 2008

### Current Wastewater Charges

ACC Resid Reg Assmnt Fee

Per Dwelling Unit

Per Dwelling Unit (\$.000000 x 2.00)

Total wastewater charges, Dec 12, 2008

### Other Current Charges

Arsenic Recovery (EPA mandate)

ACC Resid Reg Assmnt Fee

Total other charges, Dec 12, 2008

### Taxes

State Tax

County Tax - Maricopa

Water Use Tax

Total taxes, Dec 12, 2008

\$90.76

-90.76

.00

14.97

10.28

3.20

.08

28.53

.10

50.02

.00

50.12

13.10

.08

13.18

2.32

.29

.05

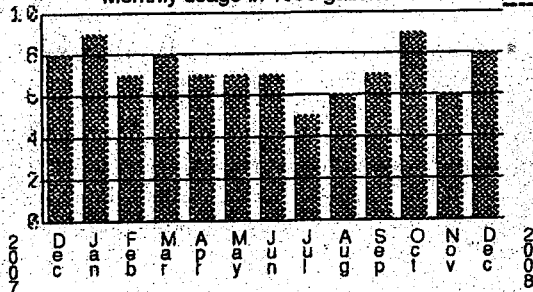
2.66

### TOTAL AMOUNT DUE

\$94.49

### Water Usage Comparison

Monthly usage in 1000 gallons



### Messages to you from Arizona American

**\*\* PLEASE CALL OUR CUSTOMER SERVICE CENTER AT 1-800-383-0834 TO UPDATE YOUR CONTACT INFORMATION. IN THE EVENT OF A WATER EMERGENCY, YOUR CONTACT INFORMATION IS ONE OF THE SOURCES AVAILABLE TO REACH YOU. \*\***

\* Customers: if your service has been scheduled for termination, please do not put payment in drop boxes. All delinquent payments need to be made at the local office in order to cancel the scheduled termination of service. Thank You!

\* You likely noticed a new logo at the top of your bill. Arizona American Water is still your local water company but we have a new look. Our new brand represents the excellence you have come to expect and our commitment to protecting water, our most valuable resource. Visit us at [www.amwater.com](http://www.amwater.com).

\* Most Arizona plants use much less water in the winter, so now is a good time to adjust your irrigation timer accordingly. This will save water and money. Winter is also a good time to examine your irrigation system for leaks. For more conservation tips visit [www.saveh2oarizona.com](http://www.saveh2oarizona.com).

\* THE COMPANY CAN CALCULATE THE IMPACT OF ITS RATE INCREASE PROPOSAL ON YOUR ACCOUNT. PLEASE CALL 1-800-383-0834 OR E-MAIL [AZRATES@AMWATER.COM](mailto:AZRATES@AMWATER.COM) AND PROVIDE YOUR ACCOUNT NUMBER AND SERVICE ADDRESS.

\* The Water Education Foundation produced a 90-minute documentary called Liquid Assets: The Story of Our Water Infrastructure. The Liquid Assets program will air on KAET-TV in Phoenix on Sunday, January 4, 2009 from 2-3:30 p.m. The focus is on the serious issues facing the nation's water infrastructure.

For more information, visit [www.liquidassets.psu.edu](http://www.liquidassets.psu.edu)

\* Customers may use their credit card, debit card or pay by electronic check only by calling toll free:

1-866-271-5522. Customers may also pay on-line at [www.water.paymybill.com](http://www.water.paymybill.com). A service fee will apply.

001852/001852 PCGDNE TAT02 12

Customer Service & Emergencies: 1-800-383-0834 (24 Hours)

AZ Corporation Commission: 602-542-4251 or 1-800-222-7000

Visit us on the INTERNET: [www.azamwater.com](http://www.azamwater.com)

RAW100AMW761

B1M1B

2818

# Greenview Homeowners Association, Inc.

c/o Colby Management  
13622 N. 99<sup>th</sup> Ave.  
Sun City, AZ 85351  
(623) 977-3860

LETTER Dated Dec 26<sup>th</sup> 2008 (REV) TO ARIZONA CORPORATION COMMISSION  
1200 West Washington, Phoenix, AZ 85007

HEREWITH IS OUR **OPINION** EXPRESSING OBJECTION TO THE RATE INCREASE  
SOUGHT BY ARIZONA – AMERICA (A-A)

Public Hearing – Arizona – American (A-A) application – Reference Docket No W-01303A-08-022. Hearing to begin March 19<sup>th</sup> 2009...

---

Item 1. Greenview Home Owners Association (GHOA) Sun City West **object** to the proposed rate increase sought by A-A.

GHOA is a Condo Complex involving 50 Owners – 50 Condos – 25 structures (2 Condos per Structure). Incorporated 1988. Complex constructed by well known developer Del Webb. GHOA is a residential.

Principal Contacts – Mr. Norman Fisher – Co-President – of GHOA's Board - 20415 Wintergreen, Sun City West, Arizona 85375 ([fishernorman@aol.com](mailto:fishernorman@aol.com))  
Phone No – 623-975-3967, Chairman Landscape Don Carlson ([dcar1020@aol.com](mailto:dcar1020@aol.com)) Phone No – 623-241-7596 and Marcy Cowan-Colby Management-Phone No -623-977-3860 X209 ([mcowan@colbymgt.com](mailto:mcowan@colbymgt.com))

Item 2.

GHOA owners are very mindful of the value of water as a commodity and related environmental issues.

GHOA held their Annual General Meeting (AGM) on December 2<sup>nd</sup>, 2008. The issue of A-A proposed rate increase was raised. A-A has advised GHOA that based on our water usage for the past 12 months Dec. 07 – Nov. 08 we should expect an increase of \$18,329 or 44.3%. Owners at the AGM were advised such an increase, if approved, would dramatically impact GHOA's operating expenses requiring at least a 15% boost in owners Assessments.

At the AGM many Owners voiced comments and questions.

**Issues raised at the Meeting included:-**

1. Can't afford such an increase in operating expense at the level proposed.
2. What are the landscaping alternatives with related costs that are available to us to conserve water and reduce consumption?
3. Attempt to preserve and maintain most of the present trees and shrubs etc and sacrifice most of lawn areas.
4. Vulnerability of 'change' respecting property appearance and loss of marketability. . Endeavor to maintain our properties beauty, esthetics, and yet maintain present levels of operating expense.
5. Financing alternatives related to various alternatives to reduce water usage.
6. Other. Owners are retired sustained basically on limited pensions and social security. GHOA by-laws state owners to be at least 55years to own Property. ( Average age about 75 years). Forty-nine of the 50 units are owner occupied..

**Summary.**

The attendees at that Meeting directed the Landscaping Committee be expanded from 3 to 5 members and be charged with investigating all matters relating to the water issues( usage and expense). Committee to report their findings to the Board and Owners ..

Committee members must discuss with Owners alternatives available that will be investigated to reduce water expense by greater conservation of water. Cash outlays over and above budgets presently range from \$16,000 to \$90,000. The first Committee report is due early January.. Final report is due late February, complete with results of 'survey and feedback' from Owner's. Firm recommendations to be sent to our Board by March 1<sup>st</sup>2009. To the extent our Board endorses and accepts the recommendation for proposed alternative(s) and related monthly fees increases and or 'one-time' special assessment the Board will seek Owners approval. It was also agreed that GHOA to submit to A-A a letter expressing our objections and concerns relative to A-A's proposed level of rate increases and to seek a time delay respecting date of implementation of A-A proposed changes.

A-A bill GHOA monthly billings are mailed to Colby Mgt-. Recent GHOA's water usage is approx. 8.5 to 9 MM gallons per year. Five - 1 inch meters, and 10 -1.5inch meters record usage... Usage is for both domestic and landscape with the latter bearing the largest portion of present consumption. Close surveillance practices are maintained to minimize losses due to leaks etc. . Prohibition is in place respecting washing cars and exterior surfaces of Condos... Electronic control valves and timers are installed on both the irrigation and bubbler systems.

Based on GHOA's current consumption and proposed rate data supplied by A-A staff they calculate GHOA's current costs at \$41,407 per year (excludes State taxes- approx \$1,200 per year) this will increase by 44.3% or \$18,300 to total \$59,736 per year... The major revenue increase being sought by A-A, if implemented, will severely impact our operating expense budget.

Such an increase obviously demands a major increase in our GHOA fee assessments... We estimate the 44.3% being sought by A-A would increase fees by at least \$32/month. This represents a 15% increase of our \$220/\$205 monthly fee assessment. Fee assessments were raised Jan 2008 to cover additional charges for arsenic removal...

GHOA strongly believe A-A 44% rate is excessive.

We also propose any increase should be postponed for at least 12 months. The time delay provides a window of time to sort out our alternatives to reduce water usage and financing needs of Owners.

#### **GHOA's General comment about the Application**

In addition to our recommendation we offer a few observations about American-Water (A-W.) the parent company. A-W controls many wholly owned private Utility subsidiaries in more than 30 States, one being our service utility A-A the applicant.

A-W, the applicant's parent is a substantial, profitable, public company, well capitalized approx 50% debt and 50% equity; and pays regular dividends... The stock market turmoil and credit problems of the past 12 months have not significantly impacted A-W. Market indicators on a per share basis for past year note Hi of \$ 23.65, low of \$16.47 – current \$21.33 and currently paying dividends yielding 3.6%.

Surely A-W, a 'healthy' company, will survive the current economic dilemma and would not be unduly penalized if the implementation of their proposed revenue was postponed for at least 1 year and/or lowered their expectations for the rate increase. This extra time would give GHOA/ and Colby Management the time to study alternatives and then implement selected options focused on reduce water consumption and related water expenses... (i.e. 'desertize' present lawn coverage.) .

We note A-A are forecasting major capital expenditures to replace present connection facilities in Sun City West. This Community is barely 30 years old at best. Considering the sub-divisions were developed by Del Webb in stages from 1978 up to 2000 perhaps the average age of sub-divisions is a factor in the implementation of rates. Perhaps rate increase as approved, after a year's delay could be incrementally introduced into the billing system over time to reflect older properties being first assessed at the rates yet to be determined.

The Commission should consider compelling A-A to withhold any other rate or fee increases for a period of time, say 3 years. We foresee the distinct possibility A-A will, for example, might seek further increases due to funding needs for the purchase of water as a commodity at higher process. Hence our request for a moratorium of at least three years on rates increases involving commodity supply. Surely A-W and its subsidiaries have purchase arrangements for future water supply and contract pricing mechanics already in place for decades to come.

A-W Debt to Equity ratios. We assume Utility companies like A-W have financial criteria as to rates of return on equity and debt. Arizona Commission should insure safeguards in place for rate determinations. For example, wholly owned subsidiaries such as A-A bear the same capitalization ratio as the parent in arriving at calculations to determine appropriate basis for further revenue needs on which to calculate rate increases.

Item 3. Copy of this letter has been mailed to Arizona-American and to all known parties.

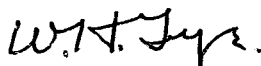
Conclusion. We trust our concerns expressed and comments in this **Opinion** will be considered favorably and help guide the Commission in their deliberations on this important issue.

For Filing.

Respectfully, GHOA – Landscape Committee Members.



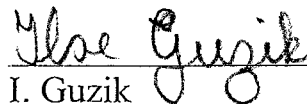
D. Carlson



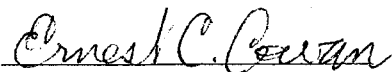
W. Tye



B. Cox



I. Guzik



E. Cowan

December 26<sup>th</sup>, 2008

Sun City West, Arizona 85375.

GREENVIEW HOMEOWNERS ASSOCIATION.